

AUG 11 1988

Mr. H. R. Garabrant  
Sr. Utility Engineering Analyst  
Gas Unit/Energy Division  
Public Utility Commission of Oregon  
Labor and Industries Building  
Salem, Oregon 97310-0335

Dear Mr. Garabrant:

We have reviewed the Northwest Natural Gas (NNG) waiver petition and the Public Utility Commission of Oregon (PJCO) analysis and response that you submitted for review with your cover letter dated July 12, 1988. Unfortunately, we object to the waiver granted from §192.481, which would extend the corrosion monitoring period from 3 to 5 years for certain NNG facilities.

It is our policy to grant waivers only upon an adequate showing that compliance with the regulations is somehow inappropriate or overly burdensome and safety would not be decreased were it to be waived. The circumstances described by NNG are not unusual. The information submitted presents no evidence that indicates that circumstances faced by NNG in anyway set them apart from other companies that must perform the same atmospheric corrosion surveys and no evidence that would support a finding that compliance is unnecessary because of compensatory factors. Such evidence would be required before this office would consider the requested waiver.

We recommend that, if NNG feels strongly that lengthened corrosion monitoring periods are appropriate, they submit to us a petition for rulemaking with respect to §192.481 under the procedures published in 49 CFR Part 106. This is the appropriate way to seek modification of a generally applicable regulation.

Because of our objection, the Commission's action in granting the waiver is stayed (49 App. U.S.C. 1672(d)). However, the Commission may, within 60 days from the date of this letter, appeal this matter and request that an informal hearing be held.

Sincerely,  
Original Sign By  
Richard L. Beam  
Director  
Office of Pipeline Safety

PUBLIC UTILITY COMMISSION OF OREGON  
LABOR & INDUSTRIES BUILDING,  
SALEM, OREGON 97310-0335

July 12, 1988

Richard Beam, Director  
Pipeline Safety/DPS-1  
US Dept of Transportation/RSPA  
400 Seventh St SW - Rm 8417  
Washington DC 20590

Enclosed is a copy of a waiver for Northwest Natural Gas Company effective October 1, 1988, that this Commission issued after a public meeting on July 12, 1988. The waiver was in response to a waiver request from Northwest Natural Gas Company dated June 13, 1988 (enclosed).

Staff reviewed the request and found that the reasons for the request, as set forth in the request letter, were valid and did not compromise safety to the public, customers, or employees (see Staff Report enclosed). It is to be noted that this request was not for all piping subject to atmospheric corrosion; the waiver is only for meter set piping away from coastal areas and one area near a chemical plant where atmospheric corrosion is known to take place faster than normal.

In conformance with DOT policy, please review and inform this office if the waiver is disapproved within 60 days. Thank you.

H. R. Garabrant, P.E.  
Sr. Utility Engineering' Analyst  
Gas Unit/Energy Division

PUBLIC UTILITY COMMISSION OF OREGON  
LABOR & INDUSTRIES BUILDING  
SALEM, OREGON 97310-0335

July 13, 1988

W L Gibbs, Vice President  
Northwest Natural Gas Co  
220 NW Second Ave  
Portland OR 97209

Your request of June 13, 1988, for a waiver of Section 192.481 to extend the maximum time interval of atmospheric corrosion monitoring of customer meter sets and associated piping, excepting coastal areas and near a chemical plant in the Albany area where corrosion is known to be a problem, from three (3) to five (5) years is approved.

This waiver is being granted, as the maximum interval of five years between monitoring of meter sets for atmospheric corrosion instead of a maximum interval of three years will not entail any increase of significant risk to the public or employees.

The Commission agrees that the degree of risk involved with atmospheric corrosion is less than for underground piping and does not justify the expense of an inspection interval of three years. The atmospheric corrosion monitoring can be done at the same time underground service line leak surveys are conducted--which are accomplished at a maximum interval of every five years.

The effective date of this waiver is October 1, 1988.

A copy of this waiver is being sent to the Office of Pipeline Safety in Washington, D.C., for their review and possible rejection prior to the effective date.

Ron Eahus  
Commissioner, Chair

Myron B. Katz  
Commissioner

Nancy Ryles  
Commissioner

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT PUBLIC  
MEETING DATE: July 12, 1988

REGULAR AGENDA\_\_\_\_\_

CONSENT AGENDA XEFFECTIVE DATE October 1, 1988

DATE: June 29, 1988

TO: Mike Kane through Bill Warren through Jerry Murray

FROM: Bob Garabrant

SUBJECT: Northwest Natural Gas Company (NNG) Request for Waiver of Federal Pipeline Safety Rules Concerning Atmospheric Corrosion Control Monitoring of Meter Sets

## SUMMARY RECOMMENDATION:

Staff recommends that the Commission issue a waiver on the terms requested.

## DISCUSSION:

NNG has requested a waiver of the Code of Federal Regulations (CFR 49, Part 192.481) to extend the inspection interval for atmospheric corrosion control monitoring to five years from three years for customer meter sets and associated piping in areas lacking potentially critical exposures. Attached as Exhibit "A" is NNG's letter of request dated June 13, 1988.

Staff has reviewed NNG's waiver request and agrees that the issuance of the waiver will not compromise safety. Staff is in agreement with NNG concerning the reasons that atmospheric corrosion leaks are potentially less hazardous than underground corrosion leaks and that there is no reason to monitor corrosion of aboveground piping more frequently than underground piping.

It is to be noted that this waiver request is not applicable in areas where atmospheric corrosion can and does cause fairly rapid deterioration of meter set piping; i.e., the coastal areas where salt in the air causes accelerated atmospheric corrosion and around certain industrial chemical plants where the moisture content and possible compounds in the air may be higher than normal (i.e., in parts of the Albany area).

The cost savings involved as a result of approval of this waiver can and should be applied to other safety activities thus resulting in a greater level of pipeline safety.

## STAFF RECOMMENDATIONS:

Staff recommends that the Commission issue the waiver on the terms requested and transmit a copy of the approval to the Federal DOT Pipeline Safety office in Washington, D.C., for their information and possible rejection in compliance with OAR 860-31-040.

NORTHWEST NATURAL GAS COMPANY  
ONE PACIFIC SQUARE  
220 N.W. SECOND AVENUE  
PORTLAND, OREGON 97209

June 13, 1988

Mr. H. R. Garabrant  
Senior Utility Operations Analyst  
Gas Unit Operations  
Oregon Public Utility Commission  
Labor and Industries Building  
Salem, Oregon 97310

Dear Mr. Garabrant:

Northwest Natural Gas Company wishes to apply for a waiver to extend the time interval for inspection of our pipelines for atmospheric corrosion from three years to five years.

Section 192.481 of the federal pipeline rules requires a three year survey of above ground piping for atmospheric corrosion. Section 192.723 specifies a five year service survey to check for underground leakage. We believe that Section 192.481 of the regulations is not appropriate for our operations because the hazards associated with atmospheric corrosion are less critical than those from underground corrosion. The gas from atmospheric corrosion leaks usually will vent upward harmlessly, but underground leakage can migrate through the soil for a considerable distance when the upward path is blocked by concrete, asphalt, or impervious soil. The inspections should be related to risk; therefore the prescribed interval for atmospheric corrosion inspections ought to be no shorter than the underground leakage inspection interval. This approach is consistent with system safety and efficient operations.

Presently the survey of customer meter sets is performed by meter readers. Corroded sets must be verified by a field supervisor before they are scheduled for maintenance. A change to a five year cycle will allow the survey to be performed by qualified leakage inspectors in conjunction with the regular service survey for underground leakage. The supervisory visit can be eliminated in most cases. Since the supervisor's time is charged to an overhead account, the determination of cost saving is difficult. Nonetheless, we would expect the combination of reduced supervisory time and an increased inspection interval to result in overall program savings of 40%.

Above ground piping which is not associated with customer meter sets is exempted from this request. Plant piping, district regulators, and bridge lines will be inspected and maintained in accordance with applicable federal regulations covering maintenances of all kinds. Meter sets at the coast and in portions of the Albany area, where corrosion is known to be a problem because of salt air and chemical plant exposures, will be retained in the three year cycle for corrosion inspection. We are not requesting a waiver for these inspections.

In summary, we are requesting a waiver to extend the inspection interval for atmospheric corrosion to five years for customer meter sets and associated piping only, and only in areas lacking potentially critical exposures. Favorable action on this waiver request will reduce operational and administrative costs to the benefit of the ratepayer without compromising system safety.

Please advise us when a determination on this subject has been made and when the request is forwarded to the Federal Department of Transportation, if applicable.

Sincerely,  
W. L. Gibbs  
Vice President of Operations

PUBLIC UTILITY COMMISSION OF OREGON  
LABOR & INDUSTRIES BUILDING, SALEM, OREGON 97310-0335

August 23, 1988

W L Gibbs, Vice President  
Northwest Natural Gas Company  
One Pacific Square  
220 NW 2nd Ave  
Portland OR 97209

RE: Northwest Natural Gas Company's June 13, 1988, Request for Waiver - Stayed

Your request for a waiver of Section 192.481 to extend the maximum time interval of atmospheric corrosion monitoring of customer meter sets, which was approved by this Commission on July 13, 1988, after a July 12, 1988, public meeting, has been stayed by the Director of the Office of Pipeline Safety in Washington, D.C.

Please see the attached letter dated August 11, 1988, for the reasons of this stay and a suggestion of the action you may take. This Commission does not plan to appeal the stay; however, this Commission will support proposed changes to Section 192.481. We continue to feel that the action you requested in your waiver request will not compromise safety; however, I do agree that the best route, from a national viewpoint, is a rule change as all companies are in a similar situation.

H. R. Garabrant, P.E.  
Sr. Utility Engineering Analyst  
Gas Unit/Energy Division

U.S. Department of Transportation  
Research and Special Programs Administration  
400 Seventh St., S.W. Washington, D.C. 20590

August 11, 1988

Mr. H. R. Garabrant  
Sr. Utility Engineering Analyst Gas Unit/Energy Division  
Public Utility Commission of Oregon  
Labor and Industries Building  
Salem, Oregon 97310-0335

Dear Mr. Garabrant:

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It is our policy to grant waivers only upon an adequate showing that compliance with the regulations is somehow inappropriate or overly burdensome and safety would not be decreased were it to be waived. The circumstances described by NNG are not unusual. The information submitted presents no evidence that indicates that circumstances faced by NNG in any way set them apart from other companies that must perform the same atmospheric corrosion surveys and no evidence that would support a finding that compliance is unnecessary because of compensatory factors. Such evidence would be required before this office would consider the requested waiver.

We recommend that, if NNG feels strongly that lengthened corrosion monitoring periods are appropriate, they submit to us a petition for rulemaking with respect to §192.481 under the procedures published in 49 CFR Part 106. This is the appropriate way to seek modification of a generally applicable regulation.

Because of our objection, the Commission's action in granting the waiver is stayed (49 App. U.S.C. 1672(d)). However, the Commission nay, within 60 days from the date of this letter, appeal this matter and request that an informal hearing be held.

Sincerely,  
Richard L. Beam  
Director  
Office of Pipeline Safety